



**Jackson, Michigan**

**FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2008**



**REHMANN ROBSON**

*Certified Public Accountants*

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

For the Year Ended June 30, 2008

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# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

For the Year Ended June 30, 2008

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# REHMANN ROBSON

*Certified Public Accountants*

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## **INDEPENDENT AUDITORS' REPORT**

November 10, 2008

Board of Education  
Jackson County Intermediate School District  
Jackson, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Jackson County Intermediate School District** (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of Jackson County Intermediate School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Jackson County Intermediate School District as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund, Special Education Special Revenue Fund and Vocational Education Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2008, on our consideration of Jackson County Intermediate School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3-9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Jackson County Intermediate School District's basic financial statements. The combining fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of Jackson County Intermediate School District. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements of Jackson County Intermediate School District. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style with a large, prominent 'L' and 'J'.

## **Management's Discussion and Analysis**

This section of the Jackson County Intermediate School District's annual financial report presents its discussion and analysis of the district's financial performance during the fiscal year ending June 30, 2008. Please read it in conjunction with the transmittal letter at the front of this report and the district's financial statements, which immediately follow this section.

### **Financial Highlights**

- The district's financial status remained relatively stable, when compared to last year's financial position.
- Overall, revenues increased approximately \$1.5 million, or 2.6%, when compared to the prior year. Of this increase, \$1.1 million was the result of a one-time recognition of tax revenue, previously deferred pending the outcome of whether the state of the district was entitled to these funds.
- The district continues to rely more on local revenue as funding from state sources decreased by \$0.17 million (1.4%) to \$12 million. The district receives approximately 67% of its revenue from local sources.
- Federal sources now account for 12.2% of the district's revenue sources. Federal funds decreased \$0.3 million dollars (3.9%) to \$7.1 million total.
- Total program costs, before considering internal transfers, increased \$3.3 million (6.1%). This increase was due, in part, to \$3.27 million in capital projects expenditures to improve the district's facilities and infrastructure. When you factor these expenditures out of the financial results, the district's expenditures increased only \$39,000 (0.07%). These were the first capital improvements to the district's buildings and grounds in 6 years. This is the result of a long-term facility plan which focuses on improvements and preventative maintenance of its facilities.
- The ISD continues to support programming for its constituent local school districts, especially in the area of Special Education.
- Dating back to the fiscal year 2001, operating expenditures have increased only \$2.2 million in total, or an average of 0.6% per year.
- Management continues to seek ways to improve services to local districts and agencies in a more cost effective manner, particularly through further collaboration and shared services.
- Local property taxes are expected to show limited increase for the fiscal year ending June 30, 2009. The district has been advised to anticipate a decline in property values for the fiscal year ending June 30, 2010.

### **Overview of Financial Statements**

This annual report consists of three parts: Management's Discussion & Analysis (this part), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the district:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the district's *overall* financial status. These statements are intended to give the reader of the financial statements a view of the district's operations comparable to for-profit financial statements.

- The remaining statements are *fund financial statements* that focus on *individual parts* of the district, reporting the district's operations in *more detail* than the district-wide statements. The fund financial statements are depicted in the format past audits were presented.
- The *governmental fund statements* tell how basic services such as regular, special and career and technical education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the district acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year.

Figure A-1 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain. The remainder of the overview section of Management's Discussion and Analysis highlights the structure and contents of each of the statements.

**Figure A-1**  
**Major features of the District-Wide and Fund Financial Statements**

	<b>District-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the district that are not proprietary (the district has no proprietary funds) or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required Financial Statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balance	Statement of Fiduciary Net Assets Statement of Changes in Fiduciary Net Assets
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resource focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid



## District-Wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the district's *net assets* and how they have changed. Net assets – the difference between the district's assets and liabilities – are one measure of the district's financial health or *position*.

- Over time, increases or decreases in the district's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the district's overall health, you need to consider additional non-financial factors such as changes in the district's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements, the district's activities are divided into two categories:

- ***Governmental activities:*** Most of the district's basic services are included here, such as regular, special and career and technical education, transportation, and administration. Property taxes and state formula aid finance most of these activities.
- ***Business-type activities:*** The district charges fees to help it cover the costs of certain services it provides. The district's adult education programs and food services are examples.

## ***Fund Financial Statements***

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by state law and by bond covenants.
- The district establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as local taxes or federal grants.)

The district has two kinds of funds:

- ***Governmental funds:*** Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences between them).
- ***Fiduciary funds:*** The district is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and the student activities funds. The district is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

## Financial Analysis of the District as a Whole

**Net assets.** The district's combined net assets on June 30, 2008 increased 16.2% to \$22 million, compared to the year before. This is the first significant increase to the net asset total since the fiscal year end June 30, 2003, when this measurement was first introduced. Most of this change in the district's financial position came from its increased governmental activities, particularly Operating Grants and Contributions, and from local property tax revenue. Most of the increase is in Net Capital Assets, where the district undertook \$3.27 million in capital projects expenditures to improve the district's facilities and infrastructure. These were the first capital improvements to the district's buildings and grounds in 6 years, and results from a long-term facility plan focusing on preventative maintenance of its facilities. The Statement of Activities attempts to place the district's not-for-profit activities into a for-profit light. The Statement of Activities includes such charges as depreciation expense and gains on sales of depreciated assets. Normally, these items are not a part of a not-for-profit financial statement.

Net Assets		
	June 30,	
	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Current & Other	\$16,488,509	\$17,185,047
Capital Assets, net	<u>12,651,591</u>	<u>9,835,682</u>
<b>Total Assets</b>	<u>29,140,100</u>	<u>27,020,729</u>
<b>Liabilities</b>		
Current and Other Liabilities	6,316,819	6,258,159
Long-Term Debt	<u>748,950</u>	<u>1,770,576</u>
<b>Total Liabilities</b>	<u>7,065,769</u>	<u>8,028,735</u>
<b>Net Assets</b>		
Invested in Capital Assets, net of related debt	12,613,324	9,774,386
Restricted	7,448,816	7,310,725
Unrestricted	<u>2,012,191</u>	<u>1,906,883</u>
<b>Total Net Assets</b>	<u><u>\$22,074,331</u></u>	<u><u>\$18,991,994</u></u>

**Changes in net assets.** The district's financial position is the product of many factors. The normal property tax base growth resulted in an increase of \$2.65 million in local revenue to the district. Decreases in state aid and Grants and Contributions in important areas resulted in a decrease of \$98,400, as the state's economic outlook continues to loom large over all schools.

The district's total revenues increased 2.6% to \$58.4 million. Local sources, including property taxes (67%), state aid (21%) and federal grant (12%) accounted for most of the district's revenue. It should be noted that operating grants and contributions decreased this year and, are not guaranteed from year to year.

The total cost of all programs and services increased \$94,500 (0.2%) to \$55.3 million. Almost all of the increase resulted from direct student instructional services.

The commitment of the Board of Education and management is to provide effective programs for all students in Jackson County, while striving to do so in a most cost efficient manner. The district's expenses are predominantly related to instructing (24%), providing services for pupils (45%) and direct payments to local school districts (25%). Capital improvements accounted for the balance (6%) of the district's expenditures. Had the capital expenditures not been made, the resultant shares of funding to instruction, pupil services and direct payments to local school districts would be 25%, 48% and 27%, respectively. Instructional costs relate specifically to providing career and technical education to students of local school districts and to providing special education instruction to other students of local districts, too. The higher support services ratio would be consistent with the purpose of intermediate school districts, which is to provide support programs to districts in order to educate more efficiently and effectively, students in the county.

<b>Changes in Net Assets</b>		
	<b><u>For the Year Ended June 30,</u></b>	
	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>Revenue</b>		
Program Revenue:		
Charges for Services	\$ 295,748	\$ 273,209
Operating Grants and Contributions	15,151,375	16,205,144
General Revenue:		
Property Taxes	36,590,746	33,937,224
Unrestricted State Aid	4,555,826	4,421,248
Other General Revenue	<u>1,513,190</u>	<u>1,776,512</u>
<b>Total Revenue</b>	<u>58,106,885</u>	<u>56,613,337</u>
<b>Program Expenses</b>		
Instruction	13,899,110	13,941,337
Supporting Services	25,670,746	25,191,282
Payments to Other Governments	14,494,058	14,934,773
Interest on Long-Term Debt	1,900	2,744
Unallocated Depreciation	<u>958,734</u>	<u>882,419</u>
<b>Total Program Expenses</b>	<u>55,024,548</u>	<u>54,952,555</u>
<b>Change in Net Assets</b>	3,082,337	1,660,782
Net Assets, beginning of year	<u>18,991,994</u>	<u>17,331,212</u>
<b>Net Assets, end of year</b>	<b><u>\$22,074,331</u></b>	<b><u>\$18,991,994</u></b>

## Financial Analysis of the District's Funds

Three out of four of the district's major governmental funds strengthened their financial position, while the fourth fund, the Capital Projects Fund was intentionally reduced as part of the district's facility improvement and upgrade plan. The General Fund increased its position by 4.8% of its operating budget to \$2.05 million. The Career and Technical Education Fund, supported by designated millage funding, increased its financial position by 1.8% of its operating budget to \$3.86 million. The Special Education Fund, also supported by a designated millage, increased its financial position by 2.1% of its operating funds to \$2.6 million. The total financial position for all of the district's funds was increased by 0.9% of their operating funds to \$9.4 million. Factoring the Capital Projects Fund results from the operating totals, the funds would have increased its financial position by \$1.4 million (2.5%). A stable financial position for the district is critical in that it allows essential student and constituent district programs to be maintained and provides programming stability for the future.

### *Budgetary Highlights of Major Funds*

Over the course of the year, the district revised the annual operating budget two times. These budget amendments fall into two major categories:

- Changes made in the second quarter to account for updated salary and fringe benefit information which was not clear at the time the budget was adopted, and
- Changes made to reclassify budgeted expenditures from one program area to another

The first type of change would have little impact of increasing, or decreasing, the fund's overall budget projection. The second type of change would have no impact on a fund's overall budget, although cost areas within the fund could be impacted

The original budget for the district's three major funds projected a \$931,300 total deficit for the fiscal year. Actual results, compared to the original budget, for the major funds are reported as follows:

Jackson County Intermediate School District Analysis of Original Budget to Final Operating Results for Major Funds For the Fiscal Year Ending June 30, 2008 (All number in millions)												
General Education Fund				Special Education Fund			Career & Technical Education Fund			Total Major Funds		
	Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)	Budget	Actual	Variance Fav/(Unfav)
Revenue	7.8	8.1	0.3	39.1	39.8	0.7	11.6	12.1	0.5	58.5	60.0	1.5
Expenditure	8.2	7.8	0.4	39.0	39.0	(0.0)	12.2	11.9	0.3	59.4	58.7	0.7
Surplus/(Deficit)	(0.4)	0.3	0.7	0.1	0.8	0.7	0.6	0.2	0.8	(0.9)	1.3	2.2

- Total actual revenues were \$1.5 million more than budgeted. The district's local revenue was larger than anticipated, due to \$1.1 million which was the result of a one-time recognition of tax revenue, previously deferred pending the outcome of whether the state of the district was entitled to these funds.
- Total actual expenditures were \$700,000 less than budgeted.
- The projected deficit of \$900,000 for the combined major funds was actually a surplus of \$1.3 million.

## **Capital Asset and Debt Administration**

### ***Capital Assets***

The district's capital asset expenditures for the fiscal year were approximately \$3.3 million, or 5.6% of its total budget. The district's capital asset plan and facilities maintenance staff have protected the district's assets from deterioration with the constant and vigilant care required to maintain its capital asset investment at the levels of quality the district has enjoyed.

### ***Long-Term Debt***

The district is a secondary debtor on a note in which the state is primary holder. The debt is part of a state-wide settlement and was required so the state could fund, in part, its liability to districts in the state. The intermediate school district is the secondary debtor for its share of the under-funding payment. At year-end, the liability for this debt is \$1.7 million in principal and \$480,000 in interest. The debt is scheduled to expire in fiscal year 2013. The debt was refinanced to allow the state to take advantage of low interest rates experienced by the economy during the fiscal year.

## **Factors Bearing on the District's Future**

At the time these financial statements were prepared and audited, the district was aware of other circumstances that could significantly affect its financial health in the future. These include, but are not limited to:

- Health Insurance – Health care costs continue to weigh heavily upon all school districts in Michigan. Increases in health care costs have pushed health care premiums to a point that forces districts to consider these costs as a more significant part of its total compensation package. The district has negotiated contracts with employee groups that will slow the growth of health care costs, while still maintaining an adequate level of care to the employees.
- State Funding – With the economic downturn currently experienced by the state, funding from state sources continue to be a concern of the Board of Education and administration. Revenue shortfalls are likely to impact state funding the district receives. Less state funding would cause the district to rely more heavily upon its local funding and federal funding sources. This shift in reliance would impact the district's ability to plan for future programmatic and financial stability.
- Local property taxes are expected to show little or no total increase for the fiscal year ending June 30, 2009. The district has been advised to anticipate a decline in property values for the fiscal year ending June 30, 2010.

## **Contacting the District's Financial Management**

This financial report is designed to provide the district's citizens, taxpayers, customers, and investors and creditors with a general overview of the district's finances and to demonstrate the district's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dr. John M. Graves, Superintendent, or Dan Zimolzak, CPA, Director of Finance, at (517) 768-5200.

## **Basic Financial Statements**

## **District-wide Financial Statements**

**Jackson County Intermediate School District**  
**Statement of Net Assets**  
**June 30, 2008**

	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
Cash and cash equivalents	\$ 10,296,496
Investments	800,717
Receivables	5,058,523
Prepaid items and other assets	332,773
Capital assets, net	<u>12,651,591</u>
<b>Total assets</b>	<u>29,140,100</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	4,519,538
Unearned revenue	651,181
Long-term debt:	
Due within one year	1,146,100
Due in more than one year	<u>748,950</u>
<b>Total liabilities</b>	<u>7,065,769</u>
<b>Net assets</b>	
Invested in capital assets, net of related debt	12,613,324
Restricted for:	
Capital projects	597,444
Other purposes	6,851,372
Unrestricted	<u>2,012,191</u>
<b>Total net assets</b>	<u><u>\$ 22,074,331</u></u>

The accompanying notes are an integral part of these financial statements.



**Jackson County Intermediate School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

<u><b>Functions / Programs</b></u>	<u><b>Expenses</b></u>	<u><b>Program Revenues</b></u>		<u><b>Net (Expense) Revenue</b></u>
		<u><b>Charges for Services</b></u>	<u><b>Operating Grants and Contributions</b></u>	
Governmental activities:				
Instruction	\$ 13,899,111	\$ 276,833	\$ 13,272,388	\$ (349,890)
Supporting services	25,541,614	18,915	1,878,987	(23,643,712)
Payments to other governments	14,623,189	-	-	(14,623,189)
Interest on long-term debt	1,900	-	-	(1,900)
Unallocated depreciation	958,734	-	-	(958,734)
Total governmental activities	<u>\$ 55,024,548</u>	<u>\$ 295,748</u>	<u>\$ 15,151,375</u>	<u>(39,577,425)</u>
General revenues:				
Property taxes				36,590,746
Unrestricted state aid				4,555,826
Grants and contributions not restricted to specific programs				951,347
Unrestricted investment earnings				<u>561,843</u>
Total general revenues				<u>42,659,762</u>
Change in net assets				3,082,337
Net assets, beginning of year				<u>18,991,994</u>
<b>Net assets, end of year</b>				<u><u>\$ 22,074,331</u></u>

The accompanying notes are an integral part of these financial statements.

## **Fund Financial Statements**

# Jackson County Intermediate School District

## Balance Sheet Governmental Funds June 30, 2008

	<u>General</u>	<u>Special Education</u>	<u>Career Technical Education</u>	<u>Capital Projects</u>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Cash and cash equivalents	\$ 4,759,583	\$ 702,745	\$ 4,303,647	\$ 4,174
Investments	-	5,473	795,244	-
Due from other governments	828,243	1,910,420	494,203	-
Due from other funds	2,107,731	3,919,938	434,268	2,052,862
Long-term employee receivable	-	6,319	-	-
Note receivable	-	56,478	-	-
Inventories	95,753	-	-	-
Prepaid items	72,720	7,744	1,078	-
Land held for resale	-	-	155,478	-
	<u>-</u>	<u>-</u>	<u>155,478</u>	<u>-</u>
<b><u>TOTAL ASSETS</u></b>	<u>\$ 7,864,030</u>	<u>\$ 6,609,117</u>	<u>\$ 6,183,918</u>	<u>\$ 2,057,036</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 812,299	\$ -	\$ -	\$ -
Salaries payable	55,049	1,741,319	558,923	-
Accrued expenditures	60,068	974,809	317,071	-
Due to other funds	4,803,882	734,450	1,428,433	1,564,363
Deferred revenue	87,462	548,219	15,500	-
	<u>87,462</u>	<u>548,219</u>	<u>15,500</u>	<u>-</u>
Total liabilities	<u>5,818,760</u>	<u>3,998,797</u>	<u>2,319,927</u>	<u>1,564,363</u>
<b>Fund balances</b>				
Reserved for:				
Notes and long-term employee receivables	-	62,797	-	-
Prepays and inventories	168,473	7,744	1,078	-
Land held for resale	-	-	155,478	-
Unreserved:				
Undesignated	1,876,797	2,539,779	3,707,435	492,673
Undesignated, reported in nonmajor:				
Special revenue fund	-	-	-	-
Capital projects funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>2,045,270</u>	<u>2,610,320</u>	<u>3,863,991</u>	<u>492,673</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u>\$ 7,864,030</u>	<u>\$ 6,609,117</u>	<u>\$ 6,183,918</u>	<u>\$ 2,057,036</u>

The accompanying notes are an integral part of these financial statements.

<b>Durant Debt Service</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 520,763	\$ 10,290,912
-	-	800,717
1,732,309	26,726	4,991,901
-	411,355	8,926,154
-	-	6,319
-	-	56,478
-	-	95,753
-	-	81,542
-	-	155,478
<u>\$ 1,732,309</u>	<u>\$ 958,844</u>	<u>\$ 25,405,254</u>

\$ -	\$ -	\$ 812,299
-	-	2,355,291
-	-	1,351,948
-	477,012	9,008,140
<u>1,732,309</u>	<u>-</u>	<u>2,383,490</u>
<u>1,732,309</u>	<u>477,012</u>	<u>15,911,168</u>

-	-	62,797
-	-	177,295
-	-	155,478
-	-	8,616,684
-	377,061	377,061
-	<u>104,771</u>	<u>104,771</u>
<u>-</u>	<u>481,832</u>	<u>9,494,086</u>
<u>\$ 1,732,309</u>	<u>\$ 958,844</u>	<u>\$ 25,405,254</u>

**Jackson County Intermediate School District**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets of**  
**Governmental Activities on the Statement of Net Assets**  
**June 30, 2008**

Fund balances - total governmental funds	\$ 9,494,086
--	--------------

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Add: capital assets	26,703,006
Deduct: accumulated depreciation	(14,051,415)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add: deferred long-term Durant Settlement receivable	1,732,309
--	-----------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add: net assets of governmental activities accounted for in internal service funds	91,395
--	--------

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Deduct: bonds and note payable	(1,770,576)
Deduct: compensated absences	(124,474)

Net assets of governmental activities	\$ <u>22,074,331</u>
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The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	<u>General</u>	<u>Special Education</u>	<u>Career Technical Education</u>	<u>Capital Projects</u>
<b>Revenue</b>				
Local sources	\$ 2,384,381	\$ 26,437,612	\$ 10,298,503	\$ -
State sources	3,180,512	7,393,832	1,403,401	-
Federal sources	772,522	5,977,359	363,736	-
Interest	-	-	-	8,071
	<u>6,337,415</u>	<u>39,808,803</u>	<u>12,065,640</u>	<u>8,071</u>
<b>Total revenue</b>				
	<u>6,337,415</u>	<u>39,808,803</u>	<u>12,065,640</u>	<u>8,071</u>
<b>Expenditures</b>				
Current:				
Instruction	-	7,890,076	6,009,035	-
Supporting services	6,338,381	15,907,182	3,735,848	-
Payments to other governmental entities or units	1,139,013	13,284,176	200,000	-
Debt service:				
Principal repayment	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital outlay:				
Durant capital improvements	-	-	-	3,268,258
Technology capital improvements	-	-	-	-
	<u>7,477,394</u>	<u>37,081,434</u>	<u>9,944,883</u>	<u>3,268,258</u>
<b>Total expenditures</b>				
	<u>7,477,394</u>	<u>37,081,434</u>	<u>9,944,883</u>	<u>3,268,258</u>
<b>Revenue over (under) expenditures</b>				
	<u>(1,139,979)</u>	<u>2,727,369</u>	<u>2,120,757</u>	<u>(3,260,187)</u>
<b>Other financing sources (uses)</b>				
Transfers in from other funds	1,792,664	-	-	2,380,211
Transfers out to other funds	(293,380)	(1,935,830)	(1,943,665)	-
	<u>1,499,284</u>	<u>(1,935,830)</u>	<u>(1,943,665)</u>	<u>2,380,211</u>
<b>Total other financing sources (uses)</b>				
	<u>1,499,284</u>	<u>(1,935,830)</u>	<u>(1,943,665)</u>	<u>2,380,211</u>
<b>Net change in fund balances</b>				
	359,305	791,539	177,092	(879,976)
<b>Fund balances, beginning of year</b>				
	<u>1,685,965</u>	<u>1,818,781</u>	<u>3,686,899</u>	<u>1,372,649</u>
<b>Fund balances, end of year</b>				
	<u>\$ 2,045,270</u>	<u>\$ 2,610,320</u>	<u>\$ 3,863,991</u>	<u>\$ 492,673</u>

The accompanying notes are an integral part of these financial statements.

<b>Durant Debt Service</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ 131,643	\$ 39,252,139
-	48,694	12,026,439
-	-	7,113,617
-	-	8,071
-	180,337	58,392,195
-	-	13,899,111
-	28,037	26,009,448
-	-	14,623,189
-	23,029	23,029
-	1,900	1,900
-	-	3,268,258
-	77,935	77,935
-	130,901	57,902,870
-	49,436	489,325
-	-	4,172,875
-	-	(4,172,875)
-	-	-
-	49,436	497,396
-	432,396	8,996,690
<u>\$ -</u>	<u>\$ 481,832</u>	<u>\$ 9,494,086</u>

**Jackson County Intermediate School District**  
**Reconciliation of the Statement of Revenues, Expenditures**  
**and Change in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2008**

Net change in fund balances - total governmental funds	\$	497,396
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Add: capital outlay		3,774,643
Deduct: depreciation expense		(958,734)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Deduct: payments received on long-term Durant Settlement receivable		(293,381)
---	--	-----------

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add: principal payments on long-term liabilities		23,029
--	--	--------

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Deduct: increase in the accrual for compensated absences		(7,013)
--	--	---------

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Add: net income from governmental activities accounted for in internal service funds		46,397
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Change in net assets of governmental activities	\$	<u>3,082,337</u>
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The accompanying notes are an integral part of these financial statements.



**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
<b>Revenue</b>					
Local sources:					
Property tax levy	\$ 1,483,823	\$ 1,483,823	\$ 1,494,626	\$ 10,803	\$ 1,421,692
Other taxes	5,140	9,507	62,330	52,823	28,497
Penalties and interest on taxes	250	250	108	(142)	2,891
Earnings on investments and deposits	100,000	100,000	173,379	73,379	160,473
Rentals	16,000	16,000	13,095	(2,905)	15,835
Other	779,029	774,660	640,843	(133,817)	574,451
Total local sources	<u>2,384,242</u>	<u>2,384,240</u>	<u>2,384,381</u>	<u>141</u>	<u>2,203,839</u>
State sources:					
State school aid	2,605,638	2,605,638	2,514,479	(91,159)	2,490,917
Durant	293,381	293,381	293,381	-	293,381
Other	295,115	426,456	372,652	(53,804)	435,833
Total state sources	<u>3,194,134</u>	<u>3,325,475</u>	<u>3,180,512</u>	<u>(144,963)</u>	<u>3,220,131</u>
Federal sources:					
Title II	468	1,092	1,092	-	913
Title V	11,820	11,475	2,882	(8,593)	10,329
Drug Free	180,000	181,737	148,391	(33,346)	212,306
Other	537,152	712,287	620,157	(92,130)	552,694
Total federal sources	<u>729,440</u>	<u>906,591</u>	<u>772,522</u>	<u>(134,069)</u>	<u>776,242</u>
Total revenue	<u>6,307,816</u>	<u>6,616,306</u>	<u>6,337,415</u>	<u>(278,891)</u>	<u>6,200,212</u>
<b>Expenditures</b>					
Supporting services:					
Pupil support	199,753	202,530	167,651	(34,879)	192,863
Instructional support	2,765,204	2,748,906	2,268,317	(480,589)	2,492,530
General administration	546,392	499,084	490,498	(8,586)	695,319
Business services	1,076,794	1,091,189	1,084,251	(6,938)	963,471
Operations and maintenance	673,985	658,984	581,057	(77,927)	573,417
Central services	1,425,733	1,819,557	1,746,607	(72,950)	1,415,983
Total supporting services	<u>6,687,861</u>	<u>7,020,250</u>	<u>6,338,381</u>	<u>(681,869)</u>	<u>6,333,583</u>

continued...

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Concluded**  
**General Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Actual Over (Under) Final Budget</u>	<u>2007 Actual</u>
<b>Expenditures (concluded)</b>					
Payments to other governmental entities or units	<u>\$ 1,136,390</u>	<u>\$ 1,320,154</u>	<u>\$ 1,139,013</u>	<u>\$ (181,141)</u>	<u>\$ 1,019,140</u>
Total expenditures	<u>7,824,251</u>	<u>8,340,404</u>	<u>7,477,394</u>	<u>(863,010)</u>	<u>7,352,723</u>
Revenue over (under) expenditures	<u>(1,516,435)</u>	<u>(1,724,098)</u>	<u>(1,139,979)</u>	<u>584,119</u>	<u>(1,152,511)</u>
<b>Other financing sources (uses)</b>					
Transfers in	<u>1,530,830</u>	<u>1,655,830</u>	<u>1,792,664</u>	<u>136,834</u>	<u>1,505,980</u>
Transfers out	<u>(393,381)</u>	<u>(293,453)</u>	<u>(293,380)</u>	<u>73</u>	<u>(388,381)</u>
Total other financing sources	<u>1,137,449</u>	<u>1,362,377</u>	<u>1,499,284</u>	<u>136,907</u>	<u>1,117,599</u>
Net change in fund balance	<u>(378,986)</u>	<u>(361,721)</u>	<u>359,305</u>	<u>721,026</u>	<u>(34,912)</u>
Fund balance, beginning of year	<u>1,685,965</u>	<u>1,685,965</u>	<u>1,685,965</u>	<u>-</u>	<u>1,720,877</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,306,979</u></u>	<u><u>\$ 1,324,244</u></u>	<u><u>\$ 2,045,270</u></u>	<u><u>\$ 721,026</u></u>	<u><u>\$ 1,685,965</u></u>

The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Special Education Special Revenue Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
<b>Revenue</b>					
Local sources:					
Property taxes	\$ 24,268,366	\$ 24,268,366	\$ 24,518,016	\$ 249,650	\$ 23,304,602
Other taxes	182,600	182,600	842,304	659,704	159,938
Penalties and interest on taxes	30,500	30,500	1,771	(28,729)	47,399
Earnings on investments and deposits	100,000	100,000	164,068	64,068	170,030
Contributions	18,000	18,000	360	(17,640)	113
Medicaid fee for service	1,100,000	1,250,000	860,526	(389,474)	1,314,078
Rent	10,500	10,500	1,700	(8,800)	10,200
Other	17,000	17,000	48,867	31,867	28,345
Total local sources	<u>25,726,966</u>	<u>25,876,966</u>	<u>26,437,612</u>	<u>560,646</u>	<u>25,034,705</u>
State sources:					
State school aid - unrestricted	1,640,950	1,640,950	1,080,071	(560,879)	1,008,737
State school aid - restricted	<u>5,872,601</u>	<u>5,872,601</u>	<u>6,313,761</u>	<u>441,160</u>	<u>6,587,005</u>
Total state sources	<u>7,513,551</u>	<u>7,513,551</u>	<u>7,393,832</u>	<u>(119,719)</u>	<u>7,595,742</u>
Federal sources:					
IDEA Flowthrough	5,320,599	5,417,654	5,426,711	9,057	5,341,976
Preschool incentive	235,948	237,545	237,545	-	236,865
Infant and toddler early intervention	205,958	-	-	-	351,955
State initiated	<u>145,000</u>	<u>317,003</u>	<u>313,103</u>	<u>(3,900)</u>	<u>338,019</u>
Total federal sources	<u>5,907,505</u>	<u>5,972,202</u>	<u>5,977,359</u>	<u>5,157</u>	<u>6,268,815</u>
Total revenue	<u>39,148,022</u>	<u>39,362,719</u>	<u>39,808,803</u>	<u>446,084</u>	<u>38,899,262</u>
<b>Expenditures</b>					
Instruction:					
Added needs - special education	<u>7,944,742</u>	<u>7,900,177</u>	<u>7,890,076</u>	<u>(10,101)</u>	<u>7,727,038</u>

continued...

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Concluded**  
**Special Education Special Revenue Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
<b>Expenditures (continued)</b>					
Supporting services:					
Pupil support	\$ 10,161,815	\$ 10,284,116	\$ 9,885,843	\$ (398,273)	\$ 9,561,798
Instructional support	1,090,440	1,137,337	1,137,021	(316)	1,084,076
General administration	623,896	667,607	685,405	17,798	834,753
School administration	339,464	351,319	318,671	(32,648)	298,503
Business services	95,529	95,529	75,317	(20,212)	74,252
Operations and maintenance	598,481	643,481	631,533	(11,948)	654,948
Transportation	2,819,222	2,921,175	3,004,572	83,397	2,600,128
Central services	224,368	214,369	168,820	(45,549)	210,445
Total supporting services	15,953,215	16,314,933	15,907,182	(407,751)	15,318,903
Payments to other governmental entities or units	14,182,293	13,364,338	13,284,176	(80,162)	13,915,633
Total expenditures	38,080,250	37,579,448	37,081,434	(498,014)	36,961,574
Revenue over expenditures	1,067,772	1,783,271	2,727,369	944,098	1,937,688
<b>Other financing sources (uses)</b>					
Transfers out	(980,830)	(1,985,830)	(1,935,830)	50,000	(930,830)
Total other financing (uses)	(980,830)	(1,985,830)	(1,935,830)	50,000	(930,830)
Net change in fund balance	86,942	(202,559)	791,539	994,098	1,006,858
Fund balance, beginning of year	1,818,781	1,818,781	1,818,781	-	811,923
<b>Fund balance, end of year</b>	<u>\$ 1,905,723</u>	<u>\$ 1,616,222</u>	<u>\$ 2,610,320</u>	<u>\$ 994,098</u>	<u>\$ 1,818,781</u>

The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Career Technical Education Special Revenue Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	2008				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2007 Actual
<b>Revenue</b>					
Local sources:					
Property taxes	\$ 9,253,183	\$ 9,253,183	\$ 9,340,157	\$ 86,974	\$ 8,894,499
Other taxes	74,000	74,000	330,834	256,834	59,622
Penalties and interest on taxes	11,000	11,000	600	(10,400)	18,084
Tuition	147,000	147,000	276,833	129,833	264,379
Earnings on investments and deposits	200,000	200,000	216,936	16,936	235,642
Other	163,909	183,909	133,143	(50,766)	441,484
Total local sources	9,849,092	9,869,092	10,298,503	429,411	9,913,710
State sources:					
State school aid	941,776	941,776	961,276	19,500	921,594
Vocational education	386,010	386,010	433,845	47,835	384,876
Other	10,100	10,100	8,280	(1,820)	12,000
Total state sources	1,337,886	1,337,886	1,403,401	65,515	1,318,470
Federal sources:					
Perkins	306,668	306,639	306,639	-	306,668
Tech prep	52,939	57,097	57,097	-	52,939
Total federal sources	359,607	363,736	363,736	-	359,607
Total revenue	11,546,585	11,570,714	12,065,640	494,926	11,591,787
<b>Expenditures</b>					
Instruction:					
Basic programs - vocational education	6,045,081	6,128,253	5,744,993	(383,260)	5,998,505
Adult education	261,813	257,391	264,042	6,651	215,794
Total instruction	6,306,894	6,385,644	6,009,035	(376,609)	6,214,299

continued...

**Jackson County Intermediate School District**  
**Statement of Revenue, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Concluded**  
**Career Technical Education Special Revenue Fund**  
**For the Year Ended June 30, 2008**  
**With Comparative Actual Amounts for the Year Ended June 30, 2007**

	<b>2008</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	<b>2007 Actual</b>
<b>Expenditures (continued)</b>					
Supporting services:					
Pupil support	\$ 1,024,501	\$ 903,981	\$ 784,295	\$ (119,686)	\$ 909,861
Instructional support	789,184	678,741	619,428	(59,313)	429,417
General administration	217,798	246,367	219,988	(26,379)	282,139
School administration	559,261	567,007	515,043	(51,964)	594,541
Business services	1,200	1,200	1,051	(149)	-
Operations and maintenance	1,169,688	1,012,955	1,036,589	23,634	1,089,805
Transportation	72,035	40,286	25,307	(14,979)	23,593
Central services	615,304	572,198	534,147	(38,051)	445,714
Total supporting services	4,448,971	4,022,735	3,735,848	(286,887)	3,775,070
Payments to other governmental entities or units	-	200,000	200,000	-	-
Total expenditures	10,755,865	10,608,379	9,944,883	(663,496)	9,989,369
Revenue over (under) expenditures	790,720	962,335	2,120,757	1,158,422	1,602,418
<b>Other financing (uses)</b>					
Transfers out	(1,430,000)	(1,830,000)	(1,943,665)	(113,665)	(1,375,150)
Net change in fund balance	(639,280)	(867,665)	177,092	1,044,757	227,268
Fund balance, beginning of year	3,686,899	3,686,899	3,686,899	-	3,459,631
<b>Fund balance, end of year</b>	<b>\$ 3,047,619</b>	<b>\$ 2,819,234</b>	<b>\$ 3,863,991</b>	<b>\$ 1,044,757</b>	<b>\$ 3,686,899</b>

The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2008**

	<b><u>Governmental Activities - Internal Service Funds</u></b>
<b>Assets</b>	
Cash	\$      5,584
Due from other governments	3,825
Due from other funds	<u>        102,756</u>
Total assets	<u>        112,165</u>
<b>Liabilities</b>	
Due to other funds	<u>        20,770</u>
Total liabilities	<u>        20,770</u>
<b>Net assets</b>	
Unrestricted	<u><u>      \$     91,395</u></u>

The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Operating revenues</b>	
Charges for services	\$ 49,620
<b>Operating expenses</b>	
Supporting services	<u>3,223</u>
Total operating expenses	<u>3,223</u>
Operating income	46,397
Net assets, beginning of year	<u>44,998</u>
<b>Net assets, end of year</b>	<u><u>\$ 91,395</u></u>

The accompanying notes are an integral part of these financial statements.



**Jackson County Intermediate School District**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2008**

	<b><u>Governmental Activities - Internal Service Funds</u></b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 8,807
Cash payments for goods and services	<u>(3,223)</u>
Net cash provided by operating activities	5,584
 Cash and cash equivalents, beginning of year	 <u>-</u>
 <b>Cash and cash equivalents, end of year</b>	 <b><u><u>\$ 5,584</u></u></b>
 <b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income	\$ 46,397
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Change in:	
Due from other governments	1
Due from other funds	(44,037)
Due to other funds	<u>3,223</u>
 Net cash provided by operating activities	 <b><u><u>\$ 5,584</u></u></b>

The accompanying notes are an integral part of these financial statements.

**Jackson County Intermediate School District**  
**Statement of Fiduciary Assets and Liabilities**  
**Agency Fund**  
**June 30, 2008**

**Assets**

Cash and cash equivalents	<u><u>\$ 28,099</u></u>
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**Liabilities**

Due to student groups	<u><u>\$ 28,099</u></u>
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The accompanying notes are an integral part of these financial statements.

## **Notes to the Financial Statements**

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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### I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting entity

Jackson County Intermediate School District (the “District”) has followed the guidelines of the Governmental Accounting Standards Board’s Statement No. 14 and has determined that no entities should be consolidated into its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

#### B. District-wide and fund financial statements

The District-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

#### C. Measurement focus, basis of accounting, and financial statement presentation

The District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, except for agency funds, which do not have a measurement focus, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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Governmental fund financial statements are reported using the *current financial resources measurement* focus and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes received and grant and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Special Education Special Revenue Fund* accounts for special education initiatives carried out by the District, which are primarily financed through restricted state aid and property taxes.

The *Career Technical Education Special Revenue Fund* accounts for vocational education initiatives carried out by the District, which are primarily financed through restricted state aid and property taxes.

The *Capital Projects Fund* accounts financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements.

The *Durant Debt Service Fund* accounts for the retirement of the Durant Bonds, which are financed through restricted state aid payments.

Additionally, the District reports the following fund types:

*Special revenue funds* are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes, where there is a need to determine the results of operations.

*Capital projects funds* are used to account for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling and improvements.

The *agency fund* accounts for assets held for other groups and organizations and is custodial in nature.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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*Internal service funds* are used to account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the District-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

### **D. Assets, liabilities and equity**

#### **1. Deposits and investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value based on quoted market prices.

#### **2. Receivables and payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

#### **3. Inventories and prepaids**

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the general and special revenue funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed. Reported inventories in the fund financial statements are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **4. Capital assets**

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years, or computer equipment with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	50
Furniture and equipment	5-20
Transportation equipment	5-10

### 5. *Compensated absences*

*Vacation and Sick Pay* – Vacation days are earned by most year-round employees at rates specified under contractual provisions. Retiring/terminated employees are paid for unused accumulated vacation days. The District's sick pay and personal leave policies allow for accumulation of up to a certain number of days depending on the employee group involved. Upon termination of employment, all accumulated sick and personal days are forfeited. It is the District's policy to recognize the cost of such leave at the time payments are made.

The liability for compensated absences reported in the District-wide financial statements consists of unpaid, accumulated vacation days. The liability has been calculated for employees who currently are eligible to receive termination payments. The amount reported is salary related and includes no fringe benefits.

### 6. *Long-term obligations*

In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities on the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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### 7. *Fund balance*

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

## II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### A. Budgetary information

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. All annual appropriations lapse at fiscal year end. The budgets for the General and special revenue funds are adopted on a functional basis.

### B. Excess of expenditures over appropriations

Budget to actual comparisons for the General Fund and each major Special Revenue Fund are presented in the fund financial statements at the legal level of budgetary control.

	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
Special Education:			
Supporting services			
General administration	\$ 667,607	\$ 685,405	\$ 17,798
Transportation	2,921,175	3,004,572	83,397
Vocational Education:			
Adult education	257,391	264,042	6,651
Operations and maintenance	1,012,955	1,036,589	23,634
Transfers out	1,830,000	1,943,665	113,665



# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and investments

A reconciliation of cash and investments as shown on the Statement of Net Assets and Statement of Fiduciary Assets and Liabilities follows:

**Statement of Net Assets**

Cash and cash equivalents	\$ 10,296,496
Investments	800,717

**Statement of Fiduciary Assets and Liabilities**

Cash and cash equivalents	<u>28,099</u>
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**\$ 11,125,312**

Cash on hand	\$ 4,049
Bank deposits (checking accounts, savings accounts and CDs)	10,313,945
Investments	<u>807,318</u>

**\$ 11,125,312**

#### Statutory Authority

State statutes authorize the District to deposit and invest in:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills, or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.
- Certificates of deposit insured by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.
- Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.
- Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The District's investment policy allows for all of these types of investments.

The District chooses to disclose its investments by specifically identifying each. At June 30, 2008, the District had the following investments.

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Rating</u>
Comerica Investment Pool	n/a	\$ 6,601	n/a
GE Commercial Paper	8/07/08	447,392	S&P – AAA
Michigan Liquid Asset Fund	n/a	<u>353,325</u>	S&P – AAAM
		<u><b>\$ 807,318</b></u>	

### Investment and deposit risk

*Interest Rate Risk.* State law limits the allowable investments and the maturities of some of the allowable investments as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$11,382,972 of the District's bank balance of \$11,683,563 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. \$447,392 of the District's investments are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book form.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

### B. Receivables

Receivables as of year end for the District's individual major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	Special Education	Vocational Education	Durant Debt Service	Nonmajor Funds	Internal Service Funds	Total	Amount Not Expected to be Collected Within One Year
Intergovernmental	\$ 828,243	\$ 1,910,420	\$ 494,203	\$ 1,732,309	\$ 26,726	\$ 3,825	\$ 4,995,726	\$ 1,732,309
Long-term employee	-	6,319	-	-	-	-	6,319	3,346
Note	-	56,478	-	-	-	-	56,478	23,096
<b>Total</b>	<b>\$ 828,243</b>	<b>\$ 1,973,217</b>	<b>\$ 494,203</b>	<b>\$ 1,732,309</b>	<b>\$ 26,726</b>	<b>\$ 3,825</b>	<b>\$ 5,058,523</b>	<b>\$ 1,758,751</b>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
General Fund	\$ -	\$ 87,462
Special Education (special revenue fund)	-	548,219
Vocational Education (special revenue fund)	-	15,500
Durant Debt Service Fund	<u>1,732,309</u>	<u>-</u>
	<b><u>\$ 1,732,309</u></b>	<b><u>\$ 651,181</u></b>

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

### C. Capital assets

Capital assets activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Capital Assets Not Being Depreciated:</b>				
Construction In Progress	\$ 60,819	\$ 2,473,173	\$ -	\$ 2,533,992
<b>Total Capital Assets Not Being Depreciated</b>	<u>60,819</u>	<u>2,473,173</u>	<u>-</u>	<u>2,533,992</u>
<b>Capital Assets Being Depreciated:</b>				
Land Improvements	112,027	750,628	-	862,655
Building & Improvements	18,465,340	25,793	-	18,491,133
Furniture & Equipment	2,157,681	201,105	466	2,358,320
Transportation Equipment	2,132,962	323,944	-	2,456,906
<b>Total Capital Assets Being Depreciated</b>	<u>22,868,010</u>	<u>1,301,470</u>	<u>466</u>	<u>24,169,014</u>
<b>Less Accumulated Depreciation For:</b>				
Land Improvements	15,953	18,493	-	34,446
Building & Improvements	10,885,914	546,668	-	11,432,582
Furniture & Equipment	1,241,225	149,286	466	1,390,045
Transportation Equipment	950,055	244,287	-	1,194,342
<b>Total Accumulated Depreciation</b>	<u>13,093,147</u>	<u>958,734</u>	<u>466</u>	<u>14,051,415</u>
<b>Total Capital Assets Being Depreciation, Net</b>	<u>9,774,863</u>	<u>342,736</u>	<u>-</u>	<u>10,117,599</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 9,835,682</u>	<u>\$ 2,815,909</u>	<u>\$ -</u>	<u>\$ 12,651,591</u>

Depreciation expense of \$958,734 was reported on the statement of activities as “unallocated depreciation” (i.e., not allocated to functions/programs).

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

### D. Payables

Accounts payable and accrued liabilities as of year end for the District's individual major funds are as follows:

<b>Fund Financial Statements:</b>	<b><u>General</u></b>	<b><u>Special Education</u></b>	<b><u>Vocational Education</u></b>	<b><u>Total</u></b>
Accounts payable	\$ 812,299	\$ -	\$ -	\$ 812,299
Salaries payable	55,049	1,741,319	558,923	2,355,291
Accrued liabilities	<u>60,068</u>	<u>974,809</u>	<u>317,071</u>	<u>1,351,948</u>
	<b><u>\$ 927,416</u></b>	<b><u>\$ 2,716,128</u></b>	<b><u>\$ 875,994</u></b>	<b><u>\$ 4,519,538</u></b>

### E. Interfund receivables, payables and transfers

At June 30, 2008, interfund receivables and payables consisted of the following:

	<b><u>Due to</u></b>	<b><u>Due from</u></b>
General Fund	\$ 4,803,882	\$ 2,107,731
Special Education Fund	734,450	3,919,938
Vocational Education Fund	1,428,433	434,268
Capital Projects	1,564,363	2,052,862
Nonmajor governmental funds	477,012	411,355
Internal service fund	<u>20,770</u>	<u>102,756</u>
	<b><u>\$ 9,028,910</u></b>	<b><u>\$ 9,028,910</u></b>

For the year ended June 30, 2008, interfund transfers consisted of the following:

	<b><u>Transfers out</u></b>	<b><u>Transfers in</u></b>
General Fund	\$ 293,380	\$ 1,792,664
Special Education Fund	1,935,830	-
Vocational Education Fund	1,943,665	-
Capital Projects – Durant Fund	<u>-</u>	<u>2,380,211</u>
	<b><u>\$ 4,172,875</u></b>	<b><u>\$ 4,172,875</u></b>

The District reports interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for the governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2008, the District transferred funds to provide funds for capital projects and to return surplus special education and vocational education funds to the General Fund.

### F. Long-Term debt

Long-term debt and other obligations of the District at June 30, 2008, are summarized as follows:

	<b>Long-Term Debt Outstanding at July 1, <u>2007</u></b>	<b><u>Additions</u></b>	<b><u>Retirements</u></b>	<b>Long-Term Debt Outstanding at June 30, <u>2008</u></b>	<b>Amount Due Within <u>One Year</u></b>
1998 Durant School Improvement Bonds, due in annual installments of \$129,361 to \$264,932 through the year 2013; interest at 4.8% *	\$ 1,732,309	\$ -	\$ -	\$ 1,732,309	\$ 997,721
Networking Equipment Installment Purchase Agreement, due in annual installments of \$14,362 to \$96,948 through the year 2010; interest at 3.74%	<u>61,296</u>	<u>-</u>	<u>23,029</u>	<u>38,267</u>	<u>23,905</u>
<b>Total Installment Debt</b>	<b>1,793,605</b>	<b>-</b>	<b>23,029</b>	<b>1770,576</b>	<b>1,021,626</b>
Compensated absences	<u>117,461</u>	<u>7,013</u>	<u>-</u>	<u>124,474</u>	<u>124,474</u>
<b>Total Long-Term Debt</b>	<b><u>\$ 1,911,066</u></b>	<b><u>\$ 7,013</u></b>	<b><u>\$ 23,029</u></b>	<b><u>\$ 1,895,050</u></b>	<b><u>\$ 1,146,100</u></b>

- \* The Durant School Improvement Bonds are serviced from funds made available to Michigan School Districts by an annual appropriation by the Michigan State Legislature. If the Legislature does not appropriate the funding required, the District is not liable to pay the debt service. Bond payments were suspended for the years ended 2003, 2004, 2005, 2007 and 2008 and resume in 2009.

Compensated absences are generally liquidated by the general, special education, and vocational education funds.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

Future principal and interest payment requirements on outstanding debt are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,021,626	\$ 387,539	\$ 1,409,165
2010	185,404	35,157	220,561
2011	179,189	26,832	206,021
2012	187,711	18,301	206,012
2013	<u>196,646</u>	<u>9,363</u>	<u>206,009</u>
<b>Total</b>	<b><u>\$ 1,770,576</u></b>	<b><u>\$ 477,192</u></b>	<b><u>\$ 2,247,768</u></b>

### IV. OTHER INFORMATION

#### A. Risk management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for general liability, property and casualty and health claims and participates in the MASB/SET-SEG (risk pool) for claims relating to employee injuries/workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The District is self insured to provide health benefits for certain employee groups. The District estimates the liability for its self-insured coverages and includes both those claims that have been reported as well as those that have not yet been reported. These estimates are prepared with the assistance of the District's third-party administrators for claims management and are recorded in the General Fund. Changes in the estimated liability are as follows:

	<u>2008</u>
Estimated liability, beginning of year	\$ 49,495
Estimated claims incurred, including changes in estimates	459,859
Claim payments	<u>(454,499)</u>
<b>Estimated liability, end of year</b>	<b><u>\$ 54,855</u></b>

#### B. Property taxes

Property taxes are assessed as of December 31 and attach as an enforceable lien on property as of July 1 of the following year. Taxes are levied on whose boundaries include property within the District and are due on September 15.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes To Financial Statements

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### C. Defined benefit pension plan

#### *Plan Description*

The District contributes to the Michigan Public School Employees Retirement System (MPERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Michigan Department of Management and Budget, Office of Retirement Systems. MPERS provides retirement, survivor and disability benefits to plan members and beneficiaries. Benefit provisions are established and may be amended by state statute.

The Office of Retirement Systems issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, 7150 Harris Drive, P.O. Box 30171, Lansing, Michigan, 48909 or by calling 1-800-381-5111.

#### *Funding Policy*

Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000. Basic Plan members make no contributions. The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefits on a cash disbursement basis.

The current rate is 16.72% of annual covered payroll. The contribution requirements of plan members and the District are established by Michigan State statute and may be amended only by action of the State Legislature. The District's contributions to MPERS for the years ended June 30, 2008, 2007, and 2006, were \$3,629,252, \$3,578,114, and \$3,349,552 respectively, equal to the required contributions for each year.

#### *Other Post Employment Benefits*

Retirees have the option of health coverage which is funded on a cash disbursement basis by the employers. The State of Michigan has contracted to provide the comprehensive group medical, hearing, dental and vision coverage for retirees and beneficiaries. All health care benefits are on a self-funded basis. A significant portion of the premium is paid by MPERS with the balance deducted from the monthly pension.

Pension recipients are eligible for fully paid Master Health Plan coverage and 90% paid Dental Plan, Vision Plan and Hearing Plan coverage with the following exceptions:

1. Retirees not yet eligible for Medicare coverage pay an amount equal to the Medicare Part B premiums.
2. Retirees with less than 30 years of service, who terminate employment after October 31, 1980 with the vested deferred benefits, are eligible for partially employer paid health benefit coverage (no payment if less than 21 years of service).

\* \* \* \* \*



# **Combining and Individual Fund Financial Statements**

**Jackson County Intermediate School District**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2008**

	<u>Special Revenue Training Assistance</u>	<u>Capital Projects Technology Capital Projects</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Cash and cash equivalents	\$ 365,410	\$ 155,353	\$ 520,763
Due from other governments	11,726	15,000	26,726
Due from other funds	<u>36,614</u>	<u>374,741</u>	<u>411,355</u>
<b><u>TOTAL ASSETS</u></b>	<u><u>\$ 413,750</u></u>	<u><u>\$ 545,094</u></u>	<u><u>\$ 958,844</u></u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Due to other funds	<u>\$ 36,689</u>	<u>\$ 440,323</u>	<u>\$ 477,012</u>
<b>Fund balances</b>			
Unreserved, undesignated	<u>377,061</u>	<u>104,771</u>	<u>481,832</u>
<b><u>TOTAL LIABILITIES AND FUND BALANCES</u></b>	<u><u>\$ 413,750</u></u>	<u><u>\$ 545,094</u></u>	<u><u>\$ 958,844</u></u>

**Jackson County Intermediate School District**  
**Combining Statement of Revenue, Expenditures**  
**and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2008**

	<u>Special Revenue Training Assistance</u>	<u>Capital Projects Technology Capital Projects</u>	<u>Totals</u>
<b>Revenue</b>			
Local revenue:			
Tuition	\$ 18,915	\$ -	\$ 18,915
Other	12,529	100,199	112,728
State revenue	<u>48,694</u>	<u>-</u>	<u>48,694</u>
Total revenue	<u>80,138</u>	<u>100,199</u>	<u>180,337</u>
<b>Expenditures</b>			
Supporting services - other	28,022	15	28,037
Debt service:			
Principal	-	23,029	23,029
Interest	-	1,900	1,900
Capital outlay:			
Technology capital improvements	<u>-</u>	<u>77,935</u>	<u>77,935</u>
Total expenditures	<u>28,022</u>	<u>102,879</u>	<u>130,901</u>
Revenue over (under) expenditures	<u>52,116</u>	<u>(2,680)</u>	<u>49,436</u>
Net change in fund balances	52,116	(2,680)	49,436
Fund balance, beginning of year	<u>324,945</u>	<u>107,451</u>	<u>432,396</u>
<b>Fund balance, end of year</b>	<u><u>\$ 377,061</u></u>	<u><u>\$ 104,771</u></u>	<u><u>\$ 481,832</u></u>

## **Single Audit**

**Jackson County Intermediate School District**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA #	Pass- Through Grantor's Number	Approved Award/Grant Amount	Accrued (Deferred) Revenue, Beginning of Year	Current Year Receipts	Current Year Expenditures	Accrued (Deferred) Revenue, End of Year
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
2007-2008 Michigan Nutrition Network	10.561		\$ 193,116	\$ -	\$ 18,755	\$ 136,872	\$ 118,117
<b>U.S. DEPARTMENT OF EDUCATION</b>							
Passed-through Michigan Department of Education:							
2007-2008 IDEA Flowthrough	84.027	070450/0607	5,341,976	382,119	382,119	-	-
2006-2007 IDEA Flowthrough	84.027A	080450-0708	5,450,561	-	5,117,246	5,426,711	309,465
			10,792,537	382,119	5,499,365	5,426,711	309,465
2007-2008 Service Provider Self Review	84.027	080440/0708	4,000	-	1,861	4,000	2,139
2006-2007 State Initiated/Competitive EOSD	84.027	070480/EOSD	55,000	17,426	17,426	-	-
2007-2008 State Initiated/Competitive EOSD	84.027A	080480/EOSD	55,000	-	55,000	55,000	-
			110,000	17,426	72,426	55,000	-
2006-2007 State Initiated/Department TS	84.027A	070490-TS	90,000	18,296	18,296	-	-
2007-2008 State Initiated/Department TS	84.027A	080490-TS	70,000	-	63,727	70,000	6,273
			160,000	18,296	82,023	70,000	6,273
2007-2008 Preschool Incentive	84.173A	080460/0708	237,545	-	235,062	237,545	2,483
2006-2007 Infant and Toddler Formula	84.181A	071340/190	205,958	102,369	102,369	-	-
2007-2008 Infant and Toddler Formula	84.181A	081340/190	188,003	-	109,489	184,102	74,613
			393,961	102,369	211,858	184,102	74,613
2005-2006 Drug Free Grant Carryover	84.186	062860/0607	43,856	7,155	7,155	-	-
2006-2007 Drug Free Grant	84.186	072860/0607	170,623	69,313	69,313	-	-
2006-2007 Drug Free Grant Carryover	84.186	072860/0607	170,623	-	-	4,861	4,861
2007-2008 Drug Free Grant	84.186	082860/0708	176,876	-	70,286	143,530	73,244
			561,978	76,468	146,754	148,391	78,105
2006-2007 Title V, Part A Innovative	84.298	070250/0607	9,820	-	288	333	45
2007-2008 Title V, Part A Innovative	84.298	080250/0708	11,143	-	2,887	2,551	(336)
			20,963	-	3,175	2,884	(291)
2006-2007 Title II, Part A Regular	84.367	070520/0607	937	-	155	155	-
2007-2008 Title II, Part A Regular	84.367	080520/0708	937	-	937	937	-
			1,874	-	1,092	1,092	-
2007-2008 Title II, Part D Ed Tech	84.318	074280-2-4/0708	197,918	-	148,444	164,680	16,236
Subtotal passed-through Michigan Department of Education			12,480,776	596,678	6,402,060	6,294,405	489,023
Passed-through Calhoun Intermediate School District:							
2007-2008 Data for Student Success	84.318	N/A	21,000	-	9,367	9,367	-
Passed-through Hillsdale County Intermediate School District:							
2007-2008 Perkins	84.048A	N/A	306,639	-	220,984	306,639	85,655
2006-2007 Vocational Education Tech Prep	84.048A	N/A	52,939	17,274	17,274	-	-
2007-2008 Vocational Education Tech Prep	84.048A	N/A	57,097	-	31,409	57,097	25,688
Subtotal passed-through Hillsdale County Intermediate School District			416,675	17,274	269,667	363,736	111,343
Passed-through Jackson Public School District:							
2007-2008 21st Century Grant	84.287C	N/A	9,000	-	9,000	9,000	-
Passed-through Saginaw Valley State University:							
2007-2008 Mathematics and Science Partnership	84.366B	N/A	175,000	-	-	8,473	8,473
<b>Total U.S. Department of Education</b>			13,102,451	613,952	6,690,094	6,684,981	608,839
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed through Michigan Department of Community Health:							
Child Care and Development Block Grant							
2006-2007 Early Childhood Investment Corporation	93.575	ECIC-06-GSC-Jack 006	247,500	-	88,900	88,900	-
2007-2008 Early Childhood Investment Corporation	93.575	ECIC-06-GSC-Jack 006	165,000	-	44,226	62,028	17,802
<b>Total U.S. Department of Health &amp; Human Services</b>			412,500	-	133,126	150,928	17,802
<b>U.S. Institute of Museum and Library Services</b>							
2007-2008 National Leadership Grant (Congressman Smith)	45.312	N/A	277,276	-	140,836	140,836	-
<b>Total U.S. Institute of Museum and Library Services</b>			277,276	-	140,836	140,836	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 13,985,343</b>	<b>\$ 613,952</b>	<b>\$ 6,982,811</b>	<b>\$ 7,113,617</b>	<b>\$ 744,758</b>

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Notes to Schedule of Expenditures of Federal Awards

### 1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Jackson County Intermediate School District (the "District"). Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included on the Schedule.

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The amounts presented in this schedule agree or reconcile to the amounts presented in, or used in the preparation of, the financial statements, and the financial reports filed with the Michigan Department of Education.

The District's reporting entity is defined in Note I of the District's financial statements. The District administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the District's reporting entity. Of the federal expenditures presented in the schedule, the District provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
IDEA Flowthrough	84.027	\$ 135,150
Infant and Toddler Formula	84.181	144,102
Title V, Part A	84.298	2,571
National Leadership Grant	45.312	86,432
Freedom to Learn	84.318	3,600
Drug Free Grants	84.186	<u>47,568</u>
<b>Total</b>		<b><u>\$ 419,423</u></b>

### 2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting which is described in Note I of the District's financial statements.

### 3. OTHER INFORMATION

The amounts reported on the R7120 (Grants Section Auditors Report) reconcile to the accompanying Schedule of Expenditures of Federal Awards.

### 4. MEDICAID OUTREACH

During the year ended June 30, 2008, the District received \$183,332 in funding from the Michigan Department of Community Health for the Medicaid Administrative Outreach and Transportation Program, for distribution to (and subsequent expenditure by) local school districts within the jurisdiction of the Jackson Intermediate School District. Due to uncertainties surrounding whether these funds will eventually have to be repaid to MDCH, the District has elected to defer the distribution of these funds to the local school districts until a later date, when more information is available. Accordingly, the amount received was recorded as deferred revenue, and not reflected as expended on the accompanying Schedule of Expenditures of Federal Awards.

\* \* \* \* \*

**Jackson County Intermediate School District**  
**Schedule of Federal Sub-Grantee Recipients**  
**For the Year Ending June 30, 2008**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Current Year Receipts (Cash Basis)	Current Year Expenditures
<b>IDEA Flowthrough 080450</b> Jackson Public Schools	<b>84.027</b>		<u>\$ 135,150</u>
<b>Infant &amp; Toddler Formula 081340</b> Jackson County Health Department	<b>84.181A</b>		<u>\$ 144,102</u>
<b>Title V 080250</b> Jackson Christian Schools Our Lady of Fatima Elementary St. Mary Elementary School St. John's Lumen Christi High School	<b>84.298</b>		707 165 76 495 <u>1,128</u>
TOTAL TITLE V GRANT			<u>\$ 2,571</u>
<b>IMLS National Leadership Grant</b> Battle Creek Public Schools	<b>45.312</b>		<u>\$ 86,432</u>
<b>Title II, Part D Education Technology 074280</b> Jackson Public Schools Springport Schools	<b>84.318</b>		1,800 <u>1,800</u>
TOTAL TITLE II, PART D EDUCATION TECHNOLOGY			<u>\$ 3,600</u>
<b>Drug Free Grants 072860</b> Springport Camden-Frontier Schools Hillsdale Schools Pittsford Our Lady of Fatima Trinity Lutheran Elementary	<b>84.186A</b>		348 350 176 337 36 <u>41</u>
TOTAL DRUG FREE GRANT 072860			<u>\$ 1,288</u>
<b>Drug Free Grants 082860</b> Jackson Public Schools Columbia East Jackson Grass Lake Hanover Horton Michigan Center Napoleon Northwest Jackson Arts & Technology Jackson Christian Schools Hillsdale Schools Jonesville	<b>84.186A</b>		33,459 911 1,187 1,144 820 210 639 2,327 612 827 1,585 <u>855</u>

Continued...

**Jackson County Intermediate School District**  
**Schedule of Federal Sub-Grantee Recipients (Concluded)**  
**For the Year Ending June 30, 2008**

Federal Grantor Pass Through Grantor Program Title Grant Number	Federal CFDA Number	Current Year Receipts (Cash Basis)	Current Year Expenditures
North Adams-Jerome			\$ 457
Pittsford			565
Reading			629
Will Carlton Academy			<u>53</u>
TOTAL DRUG FREE GRANT 082860			<u>\$ 46,280</u>





**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

November 10, 2008

Board of Education  
Jackson County Intermediate School District  
Jackson, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of *Jackson County Intermediate School District*, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Jackson County Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Jackson County Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Intermediate School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Jackson County Intermediate School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such

that there is more than a remote likelihood that a misstatement of the Jackson County Intermediate School District's financial statements that is more than inconsequential will not be prevented or detected by the Jackson County Intermediate School District's internal control. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2008-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Jackson County Intermediate School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiency described above as item 2008-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Jackson County Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Jackson County Intermediate School District, in a separate letter dated November 10, 2008.

Jackson County Intermediate School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Jackson County Intermediate School District's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the audit committee, the governing board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Lehmann Johnson". The signature is written in a cursive, flowing style.



**REHMANN ROBSON**

*Certified Public Accountants*

A member of THE REHMANN GROUP



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133**

November 10, 2008

Board of Education  
Jackson County Intermediate School District  
Jackson, Michigan

**Compliance**

We have audited the compliance of *Jackson County Intermediate School District* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Jackson County Intermediate School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Jackson County Intermediate School District's management. Our responsibility is to express an opinion on Jackson County Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson County Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Jackson County Intermediate School District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

### **Internal Control Over Compliance**

The management of Jackson County Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Jackson County Intermediate School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Jackson County Intermediate School District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Jackson County Intermediate School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Jackson County Intermediate School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Education, management, others in the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is positioned in the lower right area of the page.

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2008

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

  X   yes        no

Significant deficiency(ies) identified  
not considered to be material weaknesses?

       yes   X   none reported

Noncompliance material to financial statements  
noted?

       yes   X   no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

       yes   X   no

Significant deficiency (ies) identified  
not considered to be material weaknesses?

       yes   X   none reported

Type of auditors' report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section 510(a)?

       yes   X   no

# JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2008

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### SECTION I - SUMMARY OF AUDITORS' RESULTS (Concluded)

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$300,000</u>
---	------------------

Auditee qualified as low-risk auditee?	<u>X</u> yes    ____ no
--	-------------------------

### SECTION II – FINANCIAL STATEMENT FINDINGS

#### Finding 2008-1 Audit Adjustments

**Criteria:** The District is responsible for the reconciliation of all general ledger accounts to their proper underlying balances for the purpose of creating a reasonably adjusted trial balance, from which the basic financial statements are derived.

**Condition:** During the year ended June 30, 2008, the District failed to accurately reconcile several account classes including cash. These reconciliations were done after the auditors' field work had started and were completed in early October.

**Cause:** The District failed to reconcile several balance sheet accounts, including cash accounts, on a timely basis.

**Effect:** Several audit adjustments were necessary in order to properly reflect the unrecorded entries in several funds, which delayed the completion of the audit.

**View of  
Responsible**

**Officials:** The District will ensure account reconciliations occur on a timely basis with review and approval by the Finance Director.

# **JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT**

## **Schedule of Findings and Questioned Costs (Concluded)**

**For the Year Ended June 30, 2008**

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### **SECTION III – FEDERAL AWARD FINDING AND QUESTIONED COSTS**

No matters were reported.

### **SECTION IV – PRIOR YEAR FINDINGS**

#### **Finding 2007-1 Audit Adjustments**

The District failed to implement procedures to correct Finding 2007-1.

\* \* \* \* \*



**REHMANN ROBSON**

*Certified Public Accountants*

A member of **THE REHMANN GROUP**

 an independent member of  
**BAKER TILLY**  
INTERNATIONAL

**COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE  
UNDER SAS NO. 114**

November 10, 2008

To the Board of Education  
of the Jackson County Intermediate School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the *Jackson County Intermediate School District* (the "ISD") for the year ended June 30, 2008, and have issued our report thereon dated November 10, 2008. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility Under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133**

As stated in our engagement letter dated July 15, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the ISD's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether the ISD's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the ISD's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on the ISD's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the ISD's compliance with those requirements.



### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meetings about planning matters during the audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the ISD are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.
- Management's estimate of the insurance claims incurred but not reported is based on information provided by the entity's third party administrators and subsequent claims activity.

We evaluated the key factors assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material misstatements detected as a result of audit procedures were corrected by management:

There were several material adjustments needed to properly reconcile and report the cash accounts of the District.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated November 10, 2008.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the governing body and management of the *Jackson County Intermediate School District* and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Lehmann Johnson", is written over a horizontal line.

# **Jackson County Intermediate School District**

## **Comments and Recommendations**

**For the Year Ended June 30, 2008**

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In planning and performing our audit of the financial statements of the Jackson County Intermediate School District as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the ISD's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the ISD's internal control. Accordingly, we do not express an opinion on the effectiveness of the ISD's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. The deficiency we noted that we consider to be a material weakness is described in the Schedule of Findings and Questioned Costs in the ISD's Single Audit report as Finding 2008-1.

### **Other Matters**

#### **Cash Receipts**

During our audit testing we noted the District does not currently have procedures in place to reconcile cash amounts collected to amounts prepared for deposit. The District maintains a list of checks received; however, they do not include any cash collections. In order to enhance the internal controls in this area, we recommend that the District include cash collections along with checks collected on a reconciliation form and provide this document to the Finance Director for review and agreement to the prepared deposit.

# **Jackson County Intermediate School District**

## **Comments and Recommendations (Concluded)**

**For the Year Ended June 30, 2008**

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### **New Vendor Approval**

Effective internal control over cash disbursements requires tight control over the ability to add new vendors/addresses to the payment processing system. Currently, a Finance Department employee with access to the general ledger can input a new vendor/address into the accounting system. Once a phantom vendor is created or added, fraudulent accounts payable transactions could be initiated and processed and not readily be detected by the ISD's internal control. The ISD should review this situation and consider initiating a formal approval process to add new vendors/addresses to the accounting system.

### **Employee Dishonesty Bond**

Presently, the District is covered by an employee dishonesty bond in the amount of \$100,000 per occurrence. Because of the increased financial activity of the District over the past several years, we recommend that the District consider increasing this coverage as additional protection against a defalcation as the District annually reviews this coverage. We note that other entities of similar size maintain coverage of \$300,000, \$500,000, or more.

### **Payroll Review**

Currently, there is no final review of the payroll check register by someone other than the payroll clerk. In order to enhance the internal controls in this area, we recommend that an individual other than the payroll clerk review the register, and to document that this process has been performed by initialing or signing the register.

\* \* \* \* \*

FORM **SF-SAC**  
(8-6-2008)U.S. DEPT. OF COMM.— Econ. and Stat. Admin.— U.S. CENSUS BUREAU  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGET**Data Collection Form for Reporting on  
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS  
for Fiscal Year Ending Dates in 2008, 2009, or 2010**

▶ Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

**PART 1****GENERAL INFORMATION (To be completed by auditee, except for Items 6, 7, and 8)****1. Fiscal period ending date for this submission**Month Day Year  
**06 / 30 / 2008****2. Type of Circular A-133 audit**

- 1
- ☒
- Single audit
- 
- 2
- ☐
- Program-specific audit

**3. Audit period covered**

- 1
- ☒
- Annual 3
- ☐
- Other —
- 
- Months
- 
- 2
- ☐
- Biennial

**4. Auditee Identification Numbers****a. Primary Employer Identification Number (EIN)****3 8 - 1 7 1 0 6 2 1****b. Are multiple EINs covered in this report?** 1 ☐ Yes 2 ☒ No**c. If Part I, Item 4b = "Yes," complete Part I, Item 4c on the continuation sheet on Page 4.****d. Data Universal Numbering System (DUNS) Number****0 4 - 0 5 8 - 5 3 3 3****e. Are multiple DUNS covered in this report?** 1 ☐ Yes 2 ☒ No**f. If Part I, Item 4e = "Yes," complete Part I, Item 4f on the continuation sheet on Page 4.****5. AUDITEE INFORMATION****a. Auditee name**  
**JACKSON COUNTY INTERMEDIATE SCHOOL DISTRICT****b. Auditee address (Number and street)****6700 BROWNS LAKE RD**

City

**JACKSON**

State

**MI**

ZIP + 4 Code

**4 9 2 0 1 -****c. Auditee contact**

Name

**DAN ZIMOLZAK**

Title

**DIRECTOR OF FINANCE****d. Auditee contact telephone****(517) 768 - 5148****e. Auditee contact FAX****(517) 787 - 2026****f. Auditee contact E-mail****DAN.ZIMOLZAK@JCISD.ORG****6. PRIMARY AUDITOR INFORMATION***(To be completed by auditor)***a. Primary auditor name****REHMANN ROBSON****b. Primary auditor address (Number and street)****675 ROBINSON RD**

City

**JACKSON**

State

**MI**

ZIP + 4 Code

**4 9 2 0 4 -****c. Primary auditor contact**

Name

**DAVID M. FISHER, CPA**

Title

**PRINCIPAL****d. Primary auditor contact telephone****(517) 787 - 6503****e. Primary auditor contact FAX****(517) 788 - 8111****f. Primary auditor contact E-mail****DAVE.FISHER@REHMANN.COM****g. AUDITEE CERTIFICATION STATEMENT** – This is to certify that, to the best of my knowledge and belief, the auditee has: (1) engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I, Items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in **Parts I, II, and III** of this data collection form is accurate and complete. I declare that the foregoing is true and correct.**g. AUDITOR STATEMENT** – The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, Items 7, 8, and 9a-9f, was transferred from the auditor's report(s) for the period described in Part I, Items 1 and 3, and **is not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in **Parts II and III** of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.

Auditee certification

Date

**ELECTRONICALLY CERTIFIED****11/17/2008**

Name of certifying official

**DANIEL ZIMOLZAK**

Title of certifying official

**DIRECTOR OF FINANCE****7a. Add Secondary auditor information? (Optional)**

- 1
- ☐
- Yes 2
- ☒
- No

**b. If "Yes," complete Part I, Item 8 on the continuation sheet on page 5.**

Auditor certification

Date

**ELECTRONICALLY CERTIFIED****11/17/2008**

**PART II****FINANCIAL STATEMENTS (To be completed by auditor)****1. Type of audit report**

Mark either: 1 ☒ Unqualified opinion **OR**  
any combination of: 2 ☐ Qualified opinion 3 ☐ Adverse opinion 4 ☐ Disclaimer of opinion

**2. Is a "going concern" explanatory paragraph included in the audit report?**1 ☐ Yes 2 ☒ No**3. Is a significant deficiency disclosed?**1 ☒ Yes 2 ☐ No – SKIP to Item 5**4. Is any significant deficiency reported as a material weakness?**1 ☒ Yes 2 ☐ No**5. Is a material noncompliance disclosed?**1 ☐ Yes 2 ☒ No**PART III****FEDERAL PROGRAMS (To be completed by auditor)****1. Does the auditor's report include a statement that the auditee's financial statements include departments, agencies, or other organizational units expending \$500,000 or more in Federal awards that have separate A-133 audits which are not included in this audit? (AICPA Audit Guide, Chapter 12)**1 ☐ Yes 2 ☒ No**2. What is the dollar threshold to distinguish Type A and Type B programs? (OMB Circular A-133 § .520(b))**

\$ 300,000

**3. Did the auditee qualify as a low-risk auditee? (§ .530)**1 ☒ Yes 2 ☐ No**4. Is a significant deficiency disclosed for any major program? (§ .510(a)(1))**1 ☐ Yes 2 ☒ No – SKIP to Item 6**5. Is any significant deficiency reported for any major program as a material weakness? (§ .510(a)(1))**1 ☐ Yes 2 ☐ No**6. Are any known questioned costs reported? (§ .510(a)(3) or (4))**1 ☐ Yes 2 ☒ No**7. Were Prior Audit Findings related to direct funding shown in the Summary Schedule of Prior Audit Findings? (§ .315(b))**1 ☐ Yes 2 ☒ No**8. Indicate which Federal agency(ies) have current year audit findings related to direct funding or prior audit findings shown in the Summary Schedule of Prior Audit Findings related to direct funding. (Mark (X) all that apply or None)**98 ☐ U.S. Agency for International Development10 ☐ Agriculture23 ☐ Appalachian Regional Commission11 ☐ Commerce94 ☐ Corporation for National and Community Service12 ☐ Defense84 ☐ Education81 ☐ Energy66 ☐ Environmental Protection Agency39 ☐ General Services Administration93 ☐ Health and Human Services97 ☐ Homeland Security14 ☐ Housing and Urban Development03 ☐ Institute of Museum and Library Services15 ☐ Interior16 ☐ Justice17 ☐ Labor09 ☐ Legal Services Corporation43 ☐ National Aeronautics and Space Administration89 ☐ National Archives and Records Administration05 ☐ National Endowment for the Arts06 ☐ National Endowment for the Humanities47 ☐ National Science Foundation07 ☐ Office of National Drug Control Policy59 ☐ Small Business Administration96 ☐ Social Security Administration19 ☐ U.S. Department of State20 ☐ Transportation21 ☐ Treasury64 ☐ Veterans Affairs00 ☒ None☐ Other – Specify:

**PART III FEDERAL PROGRAMS - Continued**

9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR				10. AUDIT FINDINGS				
Federal Agency Prefix <sup>1</sup>	CFDA Number	Research and development	Name of Federal program	Amount expended	Direct award	Major program	Type(s) of compliance requirement(s) <sup>4</sup>	Audit finding reference number(s) <sup>5</sup>
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(a)	(b)
1 0	.561	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MICHIGAN NUTRITION NETWORK	\$ 136,872.00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.027	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL EDUCATION	\$ 5,555,711.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
8 4	.048	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	VOCATIONAL EDUCATION - PERKINS	\$ 363,736.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.173	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL EDUCATION - PRESCHOOL	\$ 237,545.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	N/A
8 4	.181	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SPECIAL EDUCATION - INFANTS AND TODDLERS	\$ 184,102.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.186	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	SAFE AND DRUG-FREE SCHOOLS	\$ 148,391.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.287	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TWENTY FIRST CENTURY COMMUNITY LEARNING CENTER	\$ 9,000.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.298	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	INNOVATIVE EDUCATION PROGRAM STRATEGIES	\$ 2,884.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.318	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE II PART D - EDUCATIONAL TECHNOLOGY	\$ 174,047.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
8 4	.366	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	MATHEMATICS AND SCIENCE PARTNERSHIP	\$ 8,473.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED</b>				<b>\$ 7,113,617.00</b>				

<sup>1</sup> See Appendix 1 of instructions for valid Federal Agency two-digit prefixes.<sup>2</sup> Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available. (See Instructions)<sup>3</sup> If major program is marked "Yes," enter only one letter (U = Unqualified opinion, Q = Qualified opinion, A = Adverse opinion, D = Disclaimer of opinion) corresponding to the type of audit report in the adjacent box. If major program is marked "No," leave the type of audit report box blank.<sup>4</sup> Enter the letter(s) of all type(s) of compliance requirement(s) that apply to audit findings (i.e., noncompliance, significant deficiency (including material weaknesses), questioned costs, fraud, and other items reported under § 510(a)) reported for each Federal program.

A. Activities allowed or unallowed  
 B. Allowable costs/cost principles  
 C. Cash management  
 D. Davis - Bacon Act  
 E. Eligibility  
 F. Equipment and real property management  
 G. Matching, level of effort, earmarking  
 H. Period of availability of Federal funds  
 I. Procurement and suspension and debarment  
 J. Program income  
 K. Real property acquisition and relocation assistance  
 L. Reporting  
 M. Subrecipient monitoring  
 N. Special tests and provisions  
 O. None  
 P. Other

<sup>5</sup> N/A for NONE

PART III			FEDERAL PROGRAMS - Continued												
9. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR													10. AUDIT FINDINGS		
Federal Agency Prefix1	CFDA Number	Extension 2	Research and development (c)	Name of Federal program (d)	Amount expended (e)	Direct award (f)	Major program (g)	If yes, type of audit report 3 (h)	Type(s) of compliance requirement(s) 4 (a)	Audit finding reference number(s) 5 (b)					
(a)	(b)		1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No			1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No								
8	4	.367	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	TITLE IIA - IMPROVING TEACH QUALITY	\$ 1,092.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A					
9	3	.575	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	CHILD CARE AND DEVELOPMENT BLOCK GRANT	\$ 150,928.00	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A					
4	5	.312	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	NATIONAL LEADERSHIP GRANT	\$ 140,836.00	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No		O	N/A					
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PART I Item 5 Continuation Sheet

c. List the multiple Employer Identification Numbers (EINs) covered in this report.

1	N / A	21	41	1	N / A	21
2	-	22	42	2	-	22
3	-	23	43	3	-	23
4	-	24	44	4	-	24
5	-	25	45	5	-	25
6	-	26	46	6	-	26
7	-	27	47	7	-	27
8	-	28	48	8	-	28
9	-	29	49	9	-	29
10	-	30	50	10	-	30
11	-	31	51	11	-	31
12	-	32	52	12	-	32
13	-	33	53	13	-	33
14	-	34	54	14	-	34
15	-	35	55	15	-	35
16	-	36	56	16	-	36
17	-	37	57	17	-	37
18	-	38	58	18	-	38
19	-	39	59	19	-	39
20	-	40	60	20	-	40

f. List the multiple DUNS covered in the report.

1	N / A	21
2	-	22
3	-	23
4	-	24
5	-	25
6	-	26
7	-	27
8	-	28
9	-	29
10	-	30
11	-	31
12	-	32
13	-	33
14	-	34
15	-	35
16	-	36
17	-	37
18	-	38
19	-	39
20	-	40

**PART I****GENERAL INFORMATION - Continued****8.** Part I, Item 8, Secondary Auditor's Contact Information. (List the Secondary Auditor's Contact information)

<b>1. a.</b> Secondary Auditor name N / A	<b>2. a.</b> Secondary Auditor name	<b>3. a.</b> Secondary Auditor name
<b>b.</b> Secondary Auditor address (Number and street)	<b>b.</b> Secondary Auditor address (Number and street)	<b>b.</b> Secondary Auditor address (Number and street)
City	City	City
State ZIP + 4 Code	State ZIP + 4 Code	State ZIP + 4 Code
<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name
Title	Title	Title
<b>d.</b> Secondary Auditor contact telephone	<b>d.</b> Secondary Auditor contact telephone	<b>d.</b> Secondary Auditor contact telephone
<b>e.</b> Secondary Auditor contact FAX	<b>e.</b> Secondary Auditor contact FAX	<b>e.</b> Secondary Auditor contact FAX
<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail
<b>4. a.</b> Secondary Auditor name	<b>5. a.</b> Secondary Auditor name	<b>6. a.</b> Secondary Auditor name
<b>b.</b> Secondary Auditor address (Number and street)	<b>b.</b> Secondary Auditor address (Number and street)	<b>b.</b> Secondary Auditor address (Number and street)
City	City	City
State ZIP + 4 Code	State ZIP + 4 Code	State ZIP + 4 Code
<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name	<b>c.</b> Secondary Auditor contact Name
Title	Title	Title
<b>d.</b> Secondary Auditor contact telephone	<b>d.</b> Secondary Auditor contact telephone	<b>d.</b> Secondary Auditor contact telephone
<b>e.</b> Secondary Auditor contact FAX	<b>e.</b> Secondary Auditor contact FAX	<b>e.</b> Secondary Auditor contact FAX
<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail	<b>f.</b> Secondary Auditor contact E-mail